

Markets Research

What to Watch



Week of 1 July 2024

Comment ([jump to section](#))

- In this article we revisit internal RBA analysis on alternative monetary policy paths that the Board could have taken during this hiking cycle
- The RBA modelled in early 2023 a scenario where cash rate increases would be front loaded to 4.8%, a slower lift to 4.8%, and the alternative of holding at 3.35%. Of course, since then the RBA has lifted the cash rate to 4.35%
- Realised outcomes have deviated sharply from modelled outcomes. Inflation is much higher than what these modelling scenarios predicted. Unemployment is also below where forecast scenarios had suggested

Past Week ([jump to section](#))

- What a week for Australian financial markets. The monthly inflation indicator printed hotter than expected at 4.0% y/y vs. 3.8% consensus
- Bonds sold off and rate hike pricing lifted sharply. Markets currently sit around a 55% chance of a hike by November 2024
- Offshore it has been very quiet. Canadian CPI printed on the high side. The Riksbank kept rates on hold and guided towards two more cuts for 2024

Week ahead ([jump to section](#))

- In Australia, May Retail Sales (Wednesday) and RBA June Minutes (Tuesday) headline a quieter calendar. Building approvals and goods trade also out
- NZ sees the NZIER QSBO on Tuesday
- Politics in focus, with round one of the French parliamentary elections Sunday (and second round 7 July) and the UK election Thursday
- The ECB's annual Sintra conference should generate plenty of commentary from ECB officials, with the Fed's Powell and Williams also on the docket
- Elsewhere for Europe Preliminary June CPI is Tuesday, while the EU's provisional tariffs on Chinese EVs is set to be introduced (Thursday)
- US has a holiday-shortened week with Independence Day (Thursday). Key data includes the ISMs (Manufacturing Monday, Services Wednesday) and the usual run of labour market data into Payrolls on Friday
- Canada has a public holiday on Monday, Unemployment (Friday) will be a key input into whether the BoC follows with another cut in July

Important Events Preview ([jump to section](#))

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Key Markets

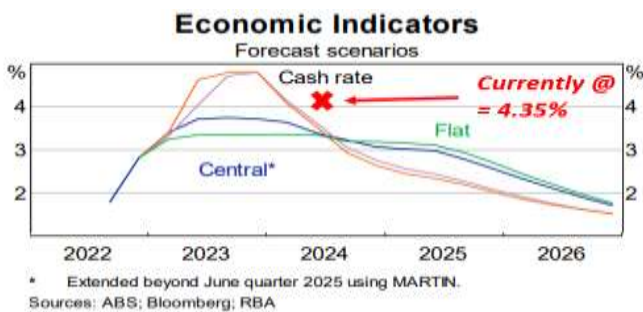
	% change		
	Latest	week	YTD
Cash rates		<i>bps</i>	<i>bps</i>
RBA Cash Rate	4.35	0.0	0.0
US Fed Funds	5.50	0.0	0.0
RBNZ Cash Rate	5.50	0.0	0.0
Rates			
AU BBSY 3m	4.50	4.0	8.8
AU 3y swap	4.21	13.0	43.5
AU 3yr yield	4.08	16.8	47.4
AU 10yr yield	4.32	11.0	36.6
US 10yr yield	4.30	4.9	42.5
AU-US 10yr spread	1.8	6.1	-5.8
Commodities		%	%
Iron ore	107	1.7	-17.8
Coal (thermal)	132.8	-0.9	-9.3
Brent oil	86.9	1.9	14.1
Gold	2327.0	0.2	12.8
FX			
AUD/USD	0.6622	-0.3	-2.8
USD (DXY)	106.07	0.3	4.7
AUD/NZD	1.0928	-0.7	-1.3
AUD crosses			
AUD/JPY	106.58	-0.4	-9.9
AUD/CNY	4.8125	0.2	0.6
AUD/EUR	0.6194	0.3	-0.4
AUD/GBP	0.5242	0.2	2.1
Equities			
ASX 200	7768.8	-0.3	2.3
ASX Resources	5573.7	-0.3	-12.3
ASX Financials	7637.5	-0.1	13.7
US S&P 500	5482.9	0.2	14.9

Source: Bloomberg

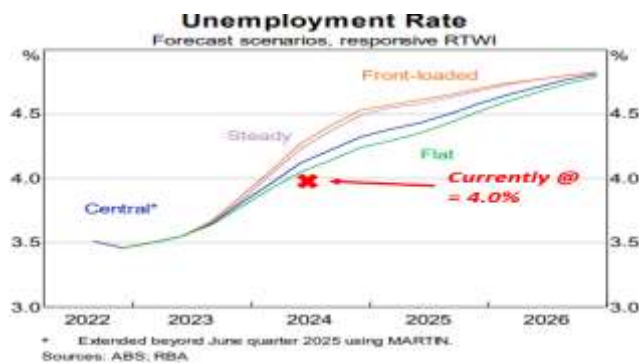
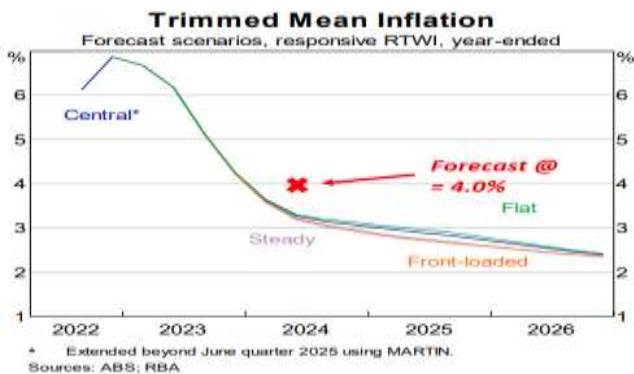
Comment – Alternative rate paths

In this article we revisit internal RBA analysis on alternative monetary policy paths the Board could have taken during this hiking cycle. The analysis dates back to early-2023, but was part of the rationale for why the RBA deliberately chose not to lift rates as high as offshore, as they saw a more mild path as having “similar inflation and unemployment outcomes in late-2026” (see [RBA FOI 222342 p.68](#)).

The RBA modelled a scenario where cash rate increases would be front loaded to 4.8%, a slower lift to 4.8%, and the alternative of holding rates at 3.35%. Of course, since then the RBA has lifted the cash rate to 4.35% and the key question now is whether the RBA needs to lift rates further – markets price around a 55% chance of a rate hike by November.



Importantly, realised inflation is much higher than what those modelling scenarios predicted. The unemployment is also well below. While having unemployment lower than forecast should be applauded, it may have come at the cost of having inflation more elevated.



Overlaying actual outcomes to these modelling projections of course does not say much about future policy. What it does suggest though is inflation is higher than what the RBA thought it would be in early 2023 when its preference was for a milder rate hike path than its peers.

Tapas Strickland, NAB

Week in review

What a week for Australian financial markets. The monthly inflation indicator printed hotter than expected at 4.0% y/y vs. 3.8% consensus. Mapping the two prints so far for the quarter is suggestive of a Q2 trimmed mean inflation print of 1.0% q/q (published on 31 July). A print of 1.0% or greater, would be well above the 0.8% the RBA had expected in their May SoMP (see: [AUS: May CPI Indicator is clearly bad news, but not quite as bad as the headline suggests](#)).

The clear risk is the RBA may feel compelled to hike rates again as soon as August. Either way the print also suggests little likelihood of a near term cut. Following the data NAB pushed out its first rate cut call to May 2025 (from November 2024), while also acknowledging the risk the RBA hikes again (see: [Monetary Policy Update 26 June 2024 - NAB pushes out first rate cuts to May 2025](#)).

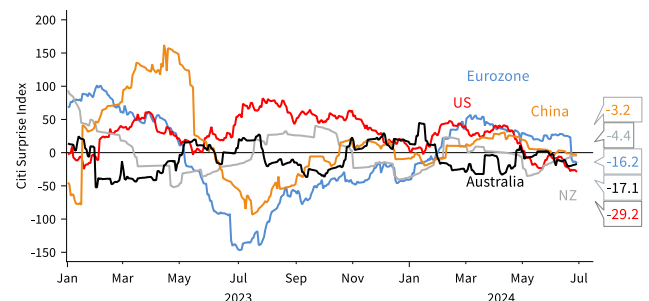
Bonds sold off and rate hike pricing lifted sharply. Markets currently sit around a 55% chance of a hike by November 2024, paring a little of the 89% priced yesterday following non-committal comments by the RBA Deputy Governor Hauser: “There’s a whole series of data coming out... It would be a bad mistake to set policy on the basis of one number.”

RBA Assistant Governor Kent also gave a speech on ‘Restrictive Financial Conditions’. For your scribe even though conditions were seen as restrictive, they were less restrictive than prior tightening cycles. An update to the RBA’s nominal neutral pegs it a little above 3½% (see: [AUS: RBA’s Kent: Policy seen as restrictive, model neutral estimates around 3.5%](#)).

Offshore it has been very quiet. Canadian CPI printed on the high side, with BoC rate cut expectations being pared (markets now price a further 47bps of cuts by the end of the year, from 54bps prior to the data). The Riksbank kept rates on hold and guided towards two more cuts for 2024.

Tonight, the US gets its PCE inflation figures, with markets also attentive to consumption numbers given recent weakness in retail sales. Second-tier US data continues to disappoint, though the Atlanta Fed’s Q2 GDP Now remains more positive at 2.7%.

Citi Economic Surprise Indexes*



* The surprise indices measure data surprises relative to market expectations. A positive reading means that data releases have been stronger than expected and a negative reading means that data releases has been worse than expected
Source: National Australia Bank, Macrobond

President Biden-Trump had their first debate, with the consensus being that Trump won the debate. Democratic strategists were reported as debating whether Biden should continue as candidate for the November election. One to watch for markets.

Tapas Strickland, NAB

Week Ahead in Brief

There is little on the **Australian** calendar in the week ahead that is likely to meaningfully move the dial as markets size up the risk that the RBA is indeed dragged back to the hiking table. Of some interest will be May retail sales on Wednesday and RBA June meeting Minutes on Tuesday. Also out during the week is building approvals and goods trade data. US markets are closed for the Independence Day holiday on Thursday so markets are likely to be thinner than usual.

For retail sales, we pencil in modest nominal growth of 0.2% m/m, and we expect the trend to remain consistent with soft consumption growth through Q2. RBA Governor Bullock already confirmed in the post-meeting presser that for the second meeting running, the two options discussed were a hike or a hold. We probably won't learn much new from the Minutes, though any hints about how seriously a hike was debated will be of interest as we look ahead to August Meeting. Q2 CPI (31 July) is the most important print still to come, with June employment on 18 July also of note.

In **NZ**, NZIER's Quarterly Survey of Business Opinion on Tuesday will be closely assessed for its wide range of indicators for inflation and real activity. Also look out for Employment Indicators (Monday), Building Consents (Tuesday), and the May Crown Financial Accounts (Thursday).

Globally, **politics** is in focus. Round one of the French parliamentary elections is on Sunday. The second round follows a week later, and round one results may do little to clear up uncertainty about the eventual outcome. The UK election is 4 July, where Labour has a commanding 20pt lead and where the main question is how large will its majority in parliament be. The US political media cycle will also remain a focus, with renewed questions of Biden's candidacy in the wake of the first Presidential debate.

Away from politics, there some key data to look out for as well. **US** Payrolls dominates the calendar on Friday, where the early consensus is for slower but still robust payrolls growth and an unemployment rate staying at 4.0%. Ahead of that is the usual run of second tier labour market indicators.

PMIs also feature. US ISMs will also be in focus as investors size up how much stock to put in tentative signs US growth has continued to moderate. Manufacturing is on Tuesday, Services is Thursday, each alongside the release of final S&P Global PMIs. In **China**, the official PMIs are released Sunday, while the Caixin Manufacturing version (Monday) and Caixin Services (Wednesday) follow.

Eurozone Preliminary June CPI likely slowed a little from the 2.6% y/y headline and 2.9% y/y core reads in May. Among the country level reads, Germany is Monday, but France, Italy and Spain are all this evening.

From Central Banks, the FOMC June meeting minutes are published Wednesday. Also expect plenty of commentary alongside the ECB's annual central banking forum in Sintra. The title is 'Monetary Policy in an era of transformation.' The conference runs Monday to Wednesday. Among the likely highlights, Lagarde gives opening remarks Monday and appears on a panel alongside Fed Chair Powell on Tuesday.

Taylor Nugent, NAB

Important Events Preview

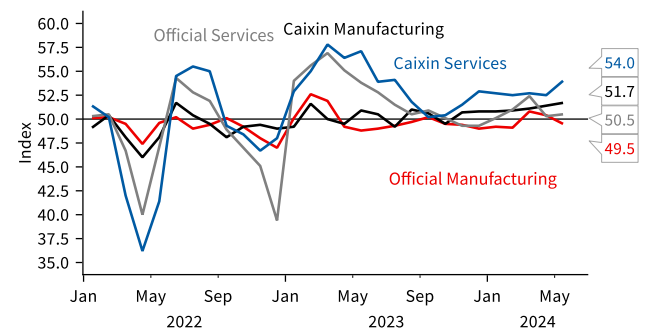
Selection of key data. full calendar below.

Sunday 30

CH Official PMIs

The May round of PMIs was marked by divergence between the official and Caixin measures. The official manufacturing PMI fell to a three-month low, back below 50 at 49.5, but the Caixin version, which tends to lean more towards conditions for exporters, hit a two year high of 51.7. The net of the May reads was consistent with economic momentum through Q2 that keeps the 5% annual growth target alive.

China PMIs



Source: National Australia Bank, China Federation of Logistics & Purchasing, S&P Global, Macrobond

EU France Rd 1 National Assembly Election

Results from round one of France's National Assembly elections will be pouring in from late Sunday (first results due 20.00 Paris time). Polls currently put far-right National Rally (RN) ahead of the left-wing alliance New Popular Front (NFP), with President Macron's Ensemble (ENS) coalition trailing in third. A seat is decided in round 1 if a candidate gets more than 50% of the vote. Otherwise, the top two candidates and any candidates that received votes greater than 12.5% of registered voters go through to the second round on 7 July.

Markets have steadied after an initial wobble that saw French equities fall, the EUR ease and the spread between French and German 10-yrs widen.

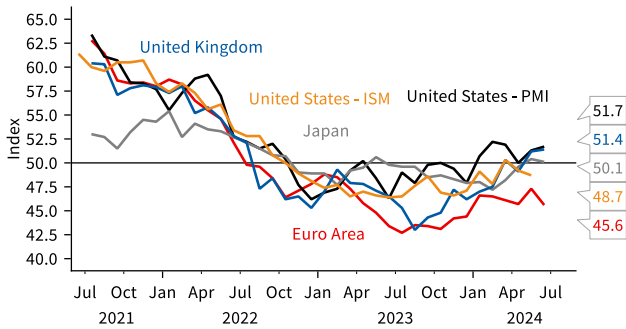
The base case is a hung parliament with no overall majority winner (and where RN decline to take up the offer of PM) leading to a divided parliament) potentially with a technocratic PM or leadership team) but where policy paralysis will be the likely outcome. We may not know the exact outcome until round 2 on 7 July.

Monday 1

EU/UK/US Manufacturing - US ISM & Final PMIs

The US ISM Manufacturing will be closely watched given the S&P Global version sits at 51.7. Consensus sees the ISM at 49.2 from 48.7 previously. In Europe the final versions of the PMIs are out with no revisions expected.

Manufacturing PMIs



Source: National Australia Bank, S&P Global, Institute for Supply Management (ISM), Macrobond

EU ECB 2024 CBK Forum from Sintra, Portugal

The ECB’s annual central banking forum from Sintra runs from 1-3 July, with the title this year of ‘Monetary Policy in an era of transformation’. ECB President Lagarde’s opening address (late 1 Jul). Exec Board Member Schnabel also chairs an afternoon session on ‘geopolitical shocks and inflation.’ Lagarde and Fed chair Powell attend a panel with Brazil CBK Governor Campos Neto. Chief Econ Lane and New York Fed’s Williams are among a panel discussing equilibrium interest rates on 3 Jul.

EZ Germany June Preliminary HICP Inflation

German CPI comes a day before the wider Eurozone figure. Note France and Spain are publishing their figures earlier on 28 June.

Tuesday 2

AU RBA Minutes

The RBA considered the case for a hike or a hold at the last two meetings. The June minutes will be scoured for hints as to how finely balance that decision really was and how high the bar is for the RBA to come off the side lines so late into a tightening cycle.

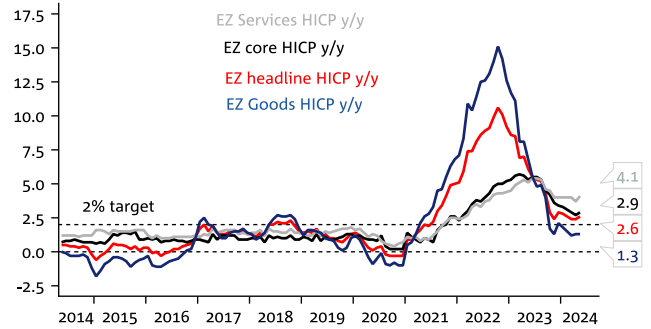
NZ NZIER QSBO

NZIER’s Quarterly Survey of Business Opinion on Tuesday will be closely assessed for its wide range of indicators for inflation, real activity, and pressure on resources. We haven’t seen anything to materially change already weak activity indicators and pointers to slack across the range of variables that show such things – including those relating to the labour market. We will be interested in price guides to see if the recent downtrend has continued.

EZ ECB June Preliminary HICP Inflation

EZ headline inflation fell from cycle peak of 10.7% in late 2022 to a low of 2.4% in November 2023, but since then has chopped around between there and 2.9%. The June data is expected to see a slight decrease from 2.6% to 2.5%, with risks on the downside from a reasonable drop in German prices. Core EZ inflation is also expected to ease back from May’s 2.9% upturn to 2.8%. Services prices remain the point of discussion after showing a reluctance to move and stay below 4% - in part due to the staggered nature of wage payments. Still, the ECB is expressing

confidence that forward-looking indicators of wage settlements signal these will moderate.



Source: National Australia Bank, Macrobond

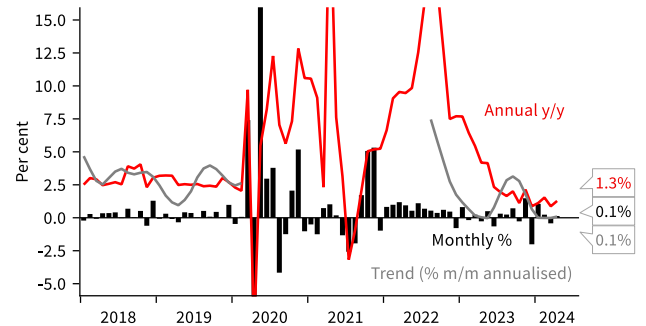
EZ/US Powell and Lagarde Panel at Sintra

Wednesday 3

AU Retail Sales

We pencil in a 0.2% m/m outcome for retail sales in May. RBA’s Hauser cited retail sales among the list of indicators they get ahead of the August meeting, but we think it would be hard for it to swing the dial much given it is only a partial indicator of consumption and can be volatile month to month. We expect retail sales to be consistent with the recent trend of flattish growth in aggregate nominal spending and ongoing softness in overall consumption growth through the second quarter.

Australian Retail Sales Growth (Monthly Value)

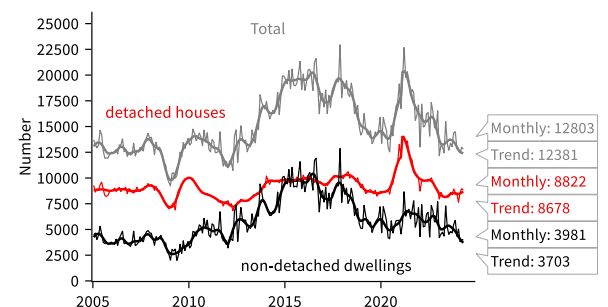


Source: National Australia Bank, ABS

AU May Building Approvals

The recent theme in building approvals have been for detached house approvals trending sideways at soft levels, while apartment approvals are especially soft and threatening to weaken even further.

Private Dwelling Approvals



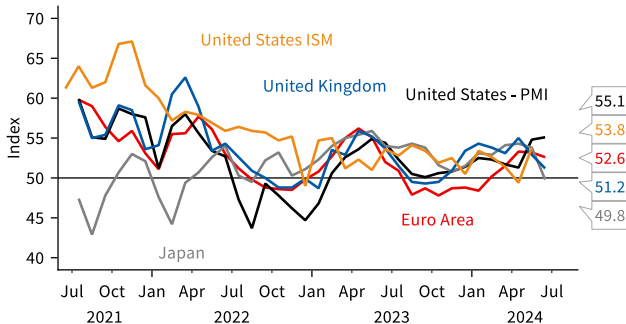
Source: National Australia Bank, ABS

EU/UK/US S&P Final June Services PMIs

US Services ISM

The Services ISM will be under focused after the preliminary S&P global version rose to 55.1. The consensus for the Services ISM is for a fall back to 52.5 from 53.8.

Services PMIs



Source: National Australia Bank, S&P Global, Institute for Supply Management (ISM), Macrobond

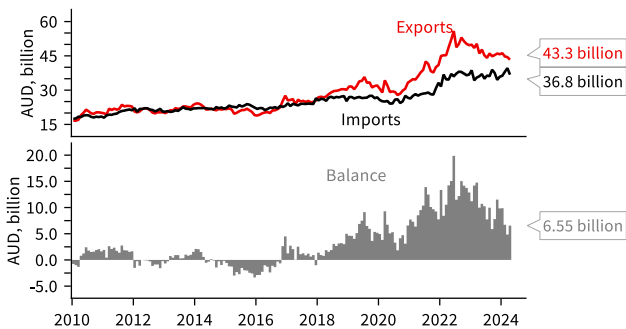
US FOMC June Minutes

Thursday 4

AU Goods Trade Balance

The goods trade balance has trended lower with recently volatility driven by swings in import values. We pencil in a \$6bn surplus in May, after \$6.5bn in June.

Monthly Trade in Goods



Source: National Australia Bank, ABS

UK General Election

The UK goes to the polls, which close at 22.00 BST. Results will filter out over the following hours and through Friday, though the result will be clear at some stage during APAC’s Friday session. The current Opposition party, Labour has a commanding 20pt lead and where the main question is how large will its majority in parliament be?

US Independence Day Public Holiday

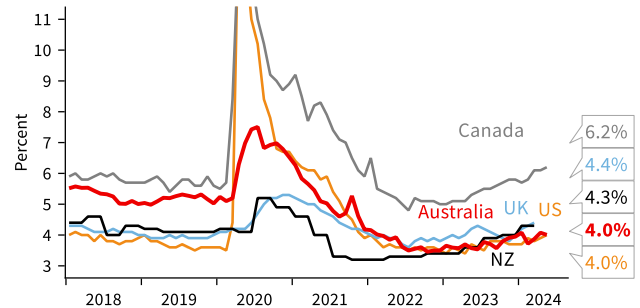
Friday 5

CA Employment

The lift in the unemployment rate in Canada from its post-pandemic lows has been more stark than advanced economy peers. BoC Governor Macklem said early this week “we continue to think that we don’t need a large rise in the unemployment rate to get inflation back to the 2%

target” though hotter than expected May CPI has seen cut pricing pared. Note that Canadian employment definitions include some passive job seekers, it would be around 1ppt lower on US definitions, but the comparison to prepandemic and recent cooling would be the same. The early consensus is for another tick higher to 6.3%

Unemployment rates

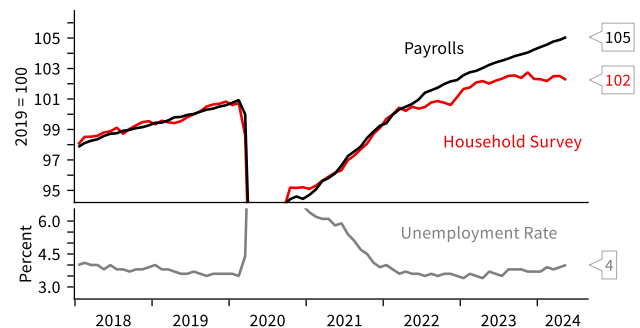


Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), U.K. Office for National Statistics (ONS), Statistics New Zealand, Statistics Canada, Australian Bureau of Statistics

US Payrolls

Consensus once again looks for some moderation in still strong payrolls growth. Last month saw a strong 272k jobs added. Despite strength in reported payrolls growth, the unemployment rate has been gradually trending higher and openings and quits have largely normalised. The June dots see the unemployment rate unchanged through the end of the year. Average hourly earnings are expected at 0.3%.

US Employment and Unemployment



Source: National Australia Bank, U.S. Bureau of Labor Statistics (BLS), Macrobond

Weekly Calendar of Economic Releases

Date	Time	Country	Event	Period	Consensus	NAB	Previous
Sunday, 30 June	11:30 AM	CH	Manufacturing PMI	Jun	49.50		49.5
	11:30 AM	CH	Non-manufacturing PMI	Jun	51.00		51.10
	11:00 PM	US	Fed's Williams Speaks at Bank for International Settlements	--	--		--
Monday, 1 July	8:45 AM	NZ	Filled Jobs SA MoM	May	--		0.1%
	9:50 AM	JN	Tankan Large Mfg Index	2Q	11.00		11.00
	10:30 AM	JN	Jibun Bank Japan PMI Mfg	Jun F	--		50.1
	11:00 AM	AU	Melbourne Institute Inflation MoM	Jun	--		0.3%
	11:45 AM	CH	Caixin China PMI Mfg	Jun	51.50		51.7
	4:00 PM	UK	Nationwide House PX MoM	Jun	--		0.4%
	5:50 PM	FR	HCOB France Manufacturing PMI	Jun F	--		45.30
	5:55 PM	GE	HCOB Germany Manufacturing PMI	Jun F	43.40		43.4
	6:00 PM	EC	HCOB Eurozone Manufacturing PMI	Jun F	45.60		45.6
	6:30 PM	UK	Mortgage Approvals	May	--		61.1
	6:30 PM	UK	S&P Global UK Manufacturing PMI	Jun F	--		51.4
	10:00 PM	GE	CPI YoY	Jun P	2.3%		2.4%
	11:45 PM	US	S&P Global US Manufacturing PMI	Jun F	51.70		51.7
	12:00 AM	US	ISM Manufacturing	Jun	49.20		48.7
5:00 AM	EC	ECB's Lagarde Speaks in Sintra	--	--		--	
Tuesday, 2 July	8:45 AM	NZ	Building Permits MoM	May	--		-1.9%
	11:30 AM	AU	RBA Minutes of June Policy Meeting	--	--		--
	7:00 PM	EC	CPI Estimate YoY	Jun	2.5%		2.6%
	7:00 PM	EC	CPI MoM	Jun P	0.3%		0.2%
	7:00 PM	EC	CPI Core YoY	Jun P	2.8%		2.9%
	11:30 PM	CA	S&P Global Canada Manufacturing PMI	Jun	--		49.3
	11:30 PM	EC	Powell, Lagarde, Campos Neto Speak in Sintra	--	--		--
	12:00 AM	US	JOLTS Job Openings	May	--		8059.0
Wednesday, 3 July	11:30 AM	AU	Retail Sales MoM	May	0.3%	0.2%	0.1%
	11:30 AM	AU	Building Approvals MoM	May	1.7%	1.0%	-0.3%
	11:45 AM	CH	Caixin China PMI Services	Jun	53.40		54.0
	5:50 PM	FR	HCOB France Services PMI	Jun F	--		48.80
	5:55 PM	GE	HCOB Germany Services PMI	Jun F	53.50		53.5
	6:00 PM	EC	HCOB Eurozone Services PMI	Jun F	52.60		52.60
	9:00 PM	US	MBA Mortgage Applications	Jun 28	--		0.8%
	9:00 PM	US	Fed's Williams Speaks on Panel at ECB Forum	--	--		--
	10:15 PM	US	ADP Employment Change	Jun	162.50		152.0
	10:30 PM	US	Trade Balance	May	-72.20		-74.6
	10:30 PM	US	Initial Jobless Claims	Jun 29	235.00		233.0
	11:45 PM	US	S&P Global US Services PMI	Jun F	--		55.1
	12:00 AM	US	Factory Orders	May	0.3%		0.7%
	12:00 AM	US	ISM Services Index	Jun	52.50		53.8
	12:00 AM	US	Durable Goods Orders	May F	-0.5%		0.1%
12:15 AM	EC	ECB'S Lagarde Speaks	--	--		--	
4:00 AM	US	FOMC Meeting Minutes	Jun 12	--		0.0	
Thursday, 4 July	11:30 AM	AU	Trade Balance	May	6300.00		6548.0
	4:00 PM	GE	Factory Orders MoM	May	1.0%		-0.2%
	9:30 PM	EC	ECB Publishes Account of June Policy Meeting	--	--		--
Friday, 5 July	4:00 PM	GE	Industrial Production SA MoM	May	0.3%		-0.1%
	4:45 PM	FR	Industrial Production MoM	May	--		0.5%
	5:00 PM	SZ	Foreign Currency Reserves	Jun	--		717574.8
	5:00 PM	EC	ECB's Nagel Speaks	--	--		--
	7:40 PM	US	Fed's Williams Gives Keynote Remarks	--	--		--
	10:30 PM	CA	Net Change in Employment	Jun	25.00		26.7
	10:30 PM	CA	Unemployment Rate	Jun	6.3%		6.2%
	10:30 PM	US	Change in Nonfarm Payrolls	Jun	187.50		272.0
	10:30 PM	US	Unemployment Rate	Jun	4.0%		4.0%
3:15 AM	EC	ECB's Lagarde Speaks in Aix	--	--		--	
Upcoming Central Bank Interest Rate Announcements						NAB	Current
	Aug 6	Australia, RBA			4.35	4.35	
	Aug 1	UK, BOE			5.00	5.25	
	Jul 31	US, Federal Reserve (Upper Bound)			5.50	5.50	
	Jul 10	New Zealand, RBNZ			5.50	5.50	
	Jul 24	Canada, BoC			4.75	4.75	
	Jul 18	Europe, ECB			3.75	3.75	
	Jul 31	Japan, BoJ (Upper Bound)			0.10	0.10	

Sydney Time. Dates reflect 24 hours from 7am

June 2024 Economic Calendar

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
02	03	04	05	06	07	08
	CH Caixin China PMI Mfg May EC HCOB Eurozone Manufacturing PMI May F UK S&P Global UK Manufacturing PMI May F US S&P Global US Manufacturing PMI May F US ISM Manufacturing May	AU BoP Current Account Balance 1Q US JOLTS Job Openings Apr US Durable Goods Orders Apr F	JN Labor Cash Earnings YoY Apr AU GDP SA QoQ 1Q EC HCOB Eurozone Services PMI May F US MBA Mortgage Applications May 31 US ADP Employment Change May CA Bank of Canada Rate Decision Jun 5 US ISM Services Index May	AU Trade Balance Apr EC ECB Deposit Facility Rate Jun 6 US Trade Balance Apr US Initial Jobless Claims May 25	GE Industrial Production SA MoM Apr EC GDP SA QoQ 1Q F CA Unemployment Rate May US Change in Nonfarm Payrolls May US Unemployment Rate May CH Trade Balance May	
09	10	11	12	13	14	15
CH (09 Jun - 15 Jun) Money : May	JN GDP SA QoQ 1Q F	AU NAB Business Conditions May UK Jobless Claims Change May US NFIB Small Business Optimism May	JN PPI YoY May CH PPI YoY May CH CPI YoY May GE CPI YoY May F UK Monthly GDP (MoM) Apr US MBA Mortgage Applications May 31 US CPI MoM May US FOMC Rate Decision (Upper Bound) Jun 12	AU Unemployment Rate May US PPI Final Demand MoM May	NZ BusinessNZ Manufacturing PMI May NZ Food Prices MoM May JN Industrial Production MoM Apr P FR CPI YoY May P JN BOJ Target Rate (Upper Bound) Jun 14 US U. of Mich. Sentiment Jun P	
16	17	18	19	20	21	22
CH Industrial Production YoY May CH Retail Sales YoY May US Empire Manufacturing Jun	AU RBA Cash Rate Target Jun 18 GE ZEW Survey Expectations Jun EC CPI YoY May F US Retail Sales Advance MoM May US Industrial Production MoM May	UK CPI YoY May US MBA Mortgage Applications May 31 CA Bank of Canada Releases Summary of D --	NZ GDP SA QoQ 1Q CH 5-Year Loan Prime Rate Jun 20 SZ SNB Policy Rate Jun 20 NO Deposit Rates Jun 20 UK Bank of England Bank Rate Jun 20 US Housing Starts May	JN Natl CPI YoY May JN Jibun Bank Japan PMI Mfg May F UK Retail Sales Inc Auto Fuel MoM May EC HCOB Eurozone Manufacturing PMI May F UK S&P Global UK Manufacturing PMI May F US S&P Global US Manufacturing PMI May F US Existing Home Sales May		
23	24	25	26	27	28	29
NZ Trade Balance NZD May GE IFO Business Climate Jun	AU Westpac Consumer Conf SA MoM Jun CA CPI YoY May US Conf. Board Consumer Confidence Jun	US New Home Sales May	NZ ANZ Consumer Confidence Index Jun JN Retail Sales YoY Apr AU Job Vacancies QoQ May SW Riksbank Policy Rate Jun 27 US GDP Annualized QoQ 1Q S US Durable Goods Orders Apr F US Initial Jobless Claims May 25	JN Jobless Rate Apr JN Tokyo CPI Ex-Fresh Food YoY May JN Industrial Production MoM Apr P AU Private Sector Credit MoM Apr UK GDP QoQ 1Q F FR CPI YoY May P CA GDP MoM Mar US Personal Spending Apr US PCE Core Deflator MoM Apr US U. of Mich. Sentiment Jun P		

Source: National Australia Bank, Bloomberg

Forecasts Table

For NAB Economics Latest Forecast Update, see: [Subdued growth but signs consumers holding up](#)

Australian Economic Forecasts																
	2023				2024				2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP																
Household Consumption	0.2	0.5	0.0	0.3	0.4	0.2	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5
Dwelling Investment	-0.2	0.6	0.2	-3.6	-0.5	-1.0	-0.5	0.5	0.4	0.8	0.6	0.7	0.8	0.7	0.7	0.7
Underlying Bus. Investment	4.5	2.2	0.9	1.4	-1.3	0.2	0.1	1.1	0.9	0.7	0.8	0.7	1.0	1.0	1.0	1.2
Public Final Demand	0.7	2.3	1.3	0.4	0.6	0.7	0.7	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Domestic Final Demand	0.7	1.1	0.6	0.3	0.2	0.3	0.5	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
(% y/y)	2.7	2.8	3.0	2.8	2.3	1.5	1.4	1.8	2.2	2.4	2.5	2.4	2.3	2.4	2.4	2.5
Inventories	(contr) 0.1	-1.0	0.3	-0.3	0.7	-0.3	-0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Exports	(contr) -0.4	0.5	-0.7	0.4	-0.9	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Domestic Product	0.6	0.4	0.2	0.3	0.1	0.1	0.4	0.6	0.7	0.5	0.6	0.5	0.6	0.6	0.6	0.6
(% y/y)	2.3	1.9	2.1	1.6	1.1	0.8	1.0	1.3	1.9	2.3	2.5	2.4	2.2	2.3	2.3	2.4
Labour Market																
Employment	0.7	0.9	0.6	0.7	0.5	0.7	0.2	0.3	0.5	0.5	0.5	0.7	0.5	0.4	0.5	0.4
Unemployment Rate	(%) 3.6	3.6	3.7	3.9	3.9	4.1	4.4	4.5	4.5	4.5	4.5	4.4	4.3	4.3	4.3	4.3
WPI Wages	0.9	1.0	1.2	1.0	0.8	0.9	1.1	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
(% y/y)	3.6	3.7	4.0	4.2	4.1	4.0	3.9	3.8	3.8	3.8	3.5	3.4	3.4	3.3	3.3	3.2
Inflation																
CPI Trimmed Mean	1.2	0.9	1.2	0.8	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.7	0.6	0.6	0.6	0.6
(% y/y)	6.5	5.8	5.1	4.2	4.0	3.9	3.6	3.5	3.3	3.0	2.8	2.7	2.6	2.6	2.5	2.5
CPI Headline	1.4	0.8	1.2	0.6	1.0	0.8	0.4	0.7	0.7	0.7	0.9	0.7	0.6	0.6	0.6	0.6
(% y/y)	7.0	6.0	5.4	4.1	3.6	3.6	2.8	2.9	2.6	2.5	3.0	3.0	2.9	2.8	2.5	2.5

Source: ABS, NAB Economics. Quarterly percent change unless specified

Exchange Rate Forecasts

	27-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Majors						
AUD/USD	0.662	0.67	0.69	0.71	0.72	0.74
NZD/USD	0.61	0.61	0.62	0.64	0.65	0.66
USD/JPY	160.9	146	143	140	137	134
EUR/USD	1.07	1.09	1.11	1.13	1.14	1.16
GBP/USD	1.26	1.28	1.30	1.31	1.32	1.34
USD/CNY	7.27	7.20	7.15	7.10	7.00	6.90
USD/CAD	1.37	1.36	1.35	1.34	1.33	1.32
USD/CHF	0.90	0.89	0.87	0.86	0.85	0.84

Australian Cross Rates

	27-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
AUD/NZD	1.09	1.10	1.11	1.11	1.11	1.12
AUD/JPY	106.6	98	99	99	99	99
AUD/EUR	0.62	0.61	0.62	0.62	0.63	0.64
AUD/GBP	0.52	0.52	0.53	0.54	0.55	0.55
AUD/CNY	4.81	4.82	4.93	5.01	5.04	5.11
AUD/CAD	0.91	0.91	0.93	0.94	0.96	0.98
AUD/CHF	0.60	0.60	0.60	0.61	0.61	0.62

Interest Rate Forecasts

	27-Jun	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Australian Rates						
RBA cash rate	4.35	4.35	4.10	3.85	3.60	3.35
3 month bill rate	4.45	4.35	4.33	4.19	3.92	3.64
3 Year Swap Rate	4.22	3.95	3.80	3.70	3.60	3.45
10 Year Swap Rate	4.49	4.50	4.40	4.40	4.35	4.25
Offshore Policy Rates						
US Fed funds	5.50	5.25	5.00	4.50	4.25	4.00
RBNZ OCR	5.50	5.50	5.25	5.00	4.50	4.00
10-year Bond Yields						
Australia	4.33	4.25	4.20	4.20	4.15	4.05
United States	4.31	4.25	4.10	4.00	3.90	3.80
New Zealand	4.67	4.75	4.60	4.60	4.50	4.40

Global GDP

	2023	2024	2025	2026
Australia	2.0	1.0	2.2	2.3
United States	2.5	2.3	1.4	1.8
Eurozone	0.6	0.8	1.2	1.4
United Kingdom	0.1	0.8	0.8	1.2
Japan	1.8	-0.2	0.7	0.7
China	5.2	4.5	4.8	4.5
India	7.7	6.6	6.2	6.4
New Zealand	0.6	0.2	2.5	3.1
World	3.2	3.0	3.0	3.1

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